ORIGINAL

EX PARTE OR LATE FILED

MCI WORLDCOM

Chuck Goldfarb
Director
Law and Public Policy

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2199
Fax 202 887 3070
chuck.golfarb@wcom.com

ORIGINAL

**REDACTED FOR PUBLIC INSPECTION**

RECEIVED

JAN - 9 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

9 January, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

*Ex Parte* re: CC Docket No. 96-98

Dear Ms. Salas:

Enclosed please find an original and one copy of a redacted version of an *ex parte* letter that WorldCom, Inc. ("WorldCom") submits for the record in CC Docket No. 96-98. Simultaneously, WorldCom submits for the record a confidential version of this letter. The letter responds to arguments made by Verizon based on confidential data it submitted in an *ex parte* letter dated 12/21/00. The portion of this responsive WorldCom *ex parte* letter that refers to confidential data from the Verizon submission has been redacted.

Sincerely,

Chuck Goldfarb

Chuck Goldfarb
Director, Law and Public Policy

Enclosure

Copies rec'd 0+1
ABCDE

**MCI WORLDCOM**

**REDACTED FOR PUBLIC INSPECTION**

**Chuck Goldfarb**
Director
Law and Public Policy

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 2199
Fax 202 887 3070
chuck.golfarb@wcom.com



9 January, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

*Ex Parte* re: CC Docket No. 96-98

Dear Ms. Salas:

On 12/21/00, Verizon submitted a confidential *ex parte* filing that allegedly presents "actual customer loss data." The cover letter claims that the filing "shows business line losses from CLECs using ported numbers, the UNE platform (UNE-P) and resale arrangements." Unfortunately, Verizon provided no documentation of these data -- no explanation of the sources of these data, nor of the definitions and methodology used to construct the data. When WorldCom reviewed the confidential data at Verizon's office, it requested an explanation of the sources, definitions, and methodology, and was told none was available, but that Verizon was preparing such documentation. To date, Verizon has not provided such documentation.

Even without such documentation, however, the data submitted, on their face, fail to demonstrate that CLECs are not impaired in their ability to offer service to small business customers seeking analog service without access to unbundled ILEC switching.

The data purport to show, for each of the 14 Bell Atlantic states, the number and market share (percentage "net loss in in-service base") of Verizon's small business customer[1] line loss, cumulative through November 2000, from CLECs using ported numbers, UNE-P, and resale arrangements. The data also are disaggregated to show the number (but not percentage) of line loss for four "tiers" of Verizon's small business customers -- tier 1 (customers with 20+ lines), tier 2 (customers with between 12 and 20 lines), tier 3 (customers with between 3 and 11 lines), and tier 4 (customers with 1 or 2 lines), and the data also are aggregated up to the two Bell Atlantic regions (the old NYNEX and the old Bell Atlantic) to show the number (but not percentage) of line loss for those four tiers. These data do not support Verizon's conclusions.

---

[1] Small business customers are defined by Verizon as customers generating revenues for Verizon of $60,000 or less. Presumably that is an annual revenue figure.

**REDACTED FOR PUBLIC INSPECTION**

- First, even accepting Verizon's data at face value, most of the data are irrelevant. Lines lost to competitors who offer service using UNE-P or resale do not represent lines lost to competitors who offer service using their own switching. The number of small business lines lost to competitors who are competing by using their own switching consists, at most, of those CLECs who use ported numbers. Thus, the relevant number of lines lost in the Bell Atlantic North region is **[REDACTED]**, and in the Bell Atlantic South region is **[REDACTED]**. Thus, using Verizon's own data, Verizon's small business market share losses to competitors using their own switches are, at the most, as follows:

| | |
|---|---|
| Massachusetts | **[REDACTED]** |
| Maine | **[REDACTED]** |
| New Hampshire | **[REDACTED]** |
| New York | **[REDACTED]** |
| Rhode Island | **[REDACTED]** |
| Vermont | **[REDACTED]** |
| District of Columbia | **[REDACTED]** |
| Delaware | **[REDACTED]** |
| Maryland | **[REDACTED]** |
| New Jersey | **[REDACTED]** |
| Pennsylvania | **[REDACTED]** |
| Virginia | **[REDACTED]** |
| West Virginia | **[REDACTED]** |

- Second, although Verizon has not provided a description of the methodology used, it is likely that the data on ported numbers are overstated, and thus the percentage provided above are overstated. Numbers that have been ported to a competitor do not only represent numbers actually in service. Telephone numbers often are reserved by customers -- both ILEC customers and CLEC customers -- even if not in use. Thus, a customer may ask to have 50 numbers ported to a competitive provider, but perhaps only 15 of those numbers are in use; the remaining 35 are reserved. Verizon will not have included such reserved numbers in its calculation of its own share of lines, and such numbers should be removed from any calculation of lines served by competitors.

- Third, Verizon did not disaggregate into the four tiers the data on market share lost to competitors. Thus, those percentages of lines now served by competitors using their own switches represent all small business customers, including tier 1 customers with more than 20 lines and tier 2 customers with between 12 and 20 lines, as well as tier 3 and 4 customers with between 1 and 11 lines. Given all the evidence in the record that shows that in the top 50 MSAs it is feasible for CLECs to use their own switches to serve customers seeking T-1 or greater service, but not for CLECs to use their own switches to serve customers seeking analog service for a small number of lines, it is extremely likely

**REDACTED FOR PUBLIC INSPECTION**

that the Verizon market share of small business analog (tier 3 and tier 4) customers lost to CLECs who use their own switches is much smaller than the percentage shown above.[2]

In conclusion, the undocumented data provided by Verizon, even on their face, fail to provide support for the Verizon claim that CLECs are not impaired in their ability to offer service to small business customers seeking analog service without access to unbundled ILEC switching.

Sincerely,

Chuck Goldfarb

Chuck Goldfarb
Director, Law and Public Policy

---

[2] In its cover letter, Verizon alleges significant business line losses "particularly with those between 3 and 11 lines." But Verizon provides no market share data for these tier 3 customers that would show how significant that loss is. Moreover, its broad definition of tier 3 covers both very small business customers seeking analog lines plus small business customers seeking (digital) DS-1 service. There is substantial evidence on the record that CLECs face a very different impairment situation when attempting to offer DS-1 service than they do when attempting to offer analog service. That evidence was further buttressed by the December 21, 2000 *ex parte* letter filed by Cbeyond Communications, in which it explained that it defines a small business as a business with 5 to 25 lines, and in which it stated that "Cbeyond will access its customers through DS1 unbundled local loops and EELs" Thus, even if Verizon were able to provide data indicating market share loss for tier 3 customers, that would not demonstrate that CLECs are not impaired in their ability to offer service using their own switches to customers seeking less than DS-1 service.